WEEKLY ECONOMIC REVIEW

JUNE 24, 2005

In a light week for U.S. economic releases, market attention was focused mainly on oil prices and the outlook for interest rates.

The price of oil touched a record high of US$60, despite OPEC's move last week to raise its production ceiling and expectations of further such measures if prices remain above US$50. Price increases were driven by concerns about global refining capacity.

The most notable U.S. economic release was the May durable goods report, which provided mixed signals. Orders to U.S. factories rose by 5.5% last month, due mainly to a large jump in demand for commercial aircraft. Excluding aircraft, demand for non-defense capital goods fell 2.3%, its largest decline in seven months.

Canadian economic news was mostly positive, highlighted by a strong retail sales report and declining CPI inflation.

Canada's CPI inflation rate fell to 1.6% in May, due mainly to lower gasoline prices. The core inflation rate (which excludes energy and other highly volatile components of the CPI) fell to 1.6%, suggesting that there is no immediate pressure on the Bank of Canada to raise interest rates.

↑	**Cdn Dollar (C¢/US$)**	
	June 24, 2005	81.1¢
	June 17, 2005	81.0¢
	2005-06 YTD	80.3¢
↑	**WTI Oil SUS/bbl**	
	June 23, 2005	$59.42
	June 16, 2005	$56.58
	2005-06 YTD	$52.82
↓	**Nymex Natural Gas CS/mcf***	
	July Contract	
	June 24, 2005	$9.21
	June 17, 2005	$9.45

*Estimate based on Nymex Futures Market Price

Despite the benign inflation report, the Canadian dollar held onto its recent gains, supported by strong energy prices and a positive retail sales report, which showed a 1.5% gain in national retail sales in April.

Alberta's retail sector continues to show exceptional strength, with sales jumping 2.7% in April. Alberta continues to lead all provinces in retail sales growth, with sales up 11.1% on a year-to-date basis.

The Euro fell to a ten-month low against the U.S. dollar amid heightened expectations of interest rate cuts by European central banks, due to concerns about lagging economic growth in the Eurozone.

*** The Weekly Economic Review will next be released on July 8, 2005.**

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month (Y/Y)	Year-to-date[1]
Consumer Price Index	**May**			
Alberta	133.4	-0.1%	1.3%	1.7%
Canada	127.0	0.1%	1.6%	2.1%
Retail Trade ($ millions)	**April**			
Alberta	4,022	2.7%	12.4%	11.1%
Canada	30,861	1.5%	8.2%	7.2%

Source: Statistics Canada

[1]Year-to-date 2005 compared to the same time period in 2004. For example: January-April 2005 versus January-April 2004